

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2021-1-E - ORDER NO. 2021-___

JUNE __, 2021

IN RE: Annual Review of Base Rates for Fuel Costs of Duke Energy Progress, LLC)))))))	JOINT PROPOSED ORDER APPROVING AND ADOPTING ADJUSTMENT IN FUEL COST RECOVERY FACTORS
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This matter comes before the Public Service Commission of South Carolina (“Commission”) on the annual review of base rates for fuel costs of Duke Energy Progress, LLC (“DEP” or “Company”). The procedure followed by the Commission is set forth in S.C. Code Ann. § 58-27-865, which provides for annual hearings to allow the Commission and all interested parties to review the prudence of the fuel purchasing practices and policies of an electrical utility and for the Commission to determine if any adjustment in a utility’s fuel cost recovery mechanism is necessary and reasonable. Additionally, pursuant to S.C. Code Ann. § 58-39-140, the Commission must determine whether to increase or decrease the fuel cost component designed to recover the incremental and avoided costs incurred by the Company to implement the Distributed Energy Resource Program (“DERP”) previously approved by the Commission.

I. PROCEDURAL HISTORY

A. Notice and Intervention

By letter dated December 14, 2020, the Clerk’s Office of the Commission instructed the Company to publish a Notice of Hearing and Pre-file Testimony Deadlines (“Notice”) in newspapers of general circulation by March 3, 2021, and to provide Proof of Publication by March

23, 2021. The letter also instructed the Company to furnish the Notice to each affected customer on or before March 3, 2021, and provide a certification to the Commission that the Notice had been furnished by March 23, 2021. The Notice indicated the nature of the proceeding and advised all interested parties of how to participate in this proceeding and of important deadlines. On March 23, 2021, the Company filed with the Commission an affidavit of publication of the Notice and an affidavit that the Notice had been timely furnished to all customers.

The Commission received petitions to intervene from the South Carolina Coastal Conservation League (“CCL”), the Southern Alliance for Clean Energy (“SACE”), and Nucor Steel – South Carolina (“Nucor”), which were granted.¹ The South Carolina Office of Regulatory Staff (“ORS”) is automatically a party pursuant to S.C. Code Ann. § 58-4-10(B).

B. The Stipulation

On June 7, 2021, after the pre-filing of direct testimony by the parties, and after all parties were afforded a full opportunity to conduct discovery in this matter, ORS filed with the Commission a Stipulation (“Stipulation”) executed by DEP, ORS, SACE/CCL and Nucor (collectively, referred to as the “Stipulating Parties” or sometimes individually as a “Stipulating Party”). In the Stipulation, the Stipulating Parties represented to the Commission that they discussed the issues presented in this case and determined each Stipulating Party’s interests and the public interest would be best served by resolving all Stipulating Parties’ issues pending in this case in accordance with the terms and conditions contained in the Stipulation. The Stipulation is attached hereto as Order Exhibit 1 and is incorporated in and made part of this Order. The terms of the Stipulation are summarized as follows:

¹ Order Nos. 2021-39-H and 2021-40-H.

The Stipulating Parties agree that, without prejudice to the position of any Party in future proceedings, the Stipulating Parties accept all recommendations and adjustments in the testimony and exhibits of ORS witnesses.

- a. The testimony supported the terms of the Stipulation regarding the appropriate fuel factors for DEP to charge for the period beginning with service rendered in July 2021 and extending through service rendered in June 2022, which are listed in the following table below, excluding gross receipts tax and regulatory fees:

Class of Service	Base Fuel Component (¢/kWh)	Environmental Component (¢/kWh)	Capacity Related Component (¢/kWh)	DERP Avoided Cost Component (¢/kWh)	Total Fuel Factor (¢/kWh)
Residential ²	1.887	0.005	0.465	0.003	2.360
General Service (non-demand)	1.874	0.015	0.580	0.004	2.473
General Service (demand)	1.874	³	⁴	⁵	1.874
Lighting	1.874	0.000	0.000	0.000	1.874

- b. The Stipulating Parties agree for purposes of Stipulation and without prejudice to the position of any Party in any future proceeding that the 2021 component values for Net Energy Metering (“NEM”) Distributed Energy Resources, as shown in Table 5 in the testimony of DEP witness Martin and listed below, comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10, *et seq.*

² The Residential Base Fuel Factor includes the Residential Energy Conservation Discount, Rider RECD-2D, adjustment factor of 0.7068%.

³ The Proposed General Service (demand) Environmental Component is 4 cents per kW.

⁴ The Proposed General Service (demand) Capacity Related Component is 157 cents per kW.

⁵ The Proposed General Service (demand) DERP Avoided Cost Component is 1 cent per kW.

Components of NEM Distributed Energy Resource Value	Component Value (\$/kWh) Residential PV⁶	Component Value (\$ per kWh) for Small PV⁶	Component Value (\$ per kWh) for Large PV⁶
Marginal Energy Cost	\$0.024785	\$0.024795	\$0.024801
Marginal Capacity Cost	\$0.001767	\$0.001738	\$0.001763
Ancillary Services	(\$0.002389)	(\$0.002390)	(\$0.002390)
Transmission and Distribution (“T&D”) Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants ⁷	\$0.000027	\$0.000028	\$0.000030
Avoided CO2 Emissions Cost (currently zero)	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge ⁸	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Costs	\$0.000000	\$0.000000	\$0.000000
Utility Administration Costs	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.024190	\$0.024170	\$0.024204
Line Losses ⁹	\$0.000272	\$0.000271	\$0.000271
Total Value of NEM Distributed Energy Resource	\$0.024461	\$0.024442	\$0.024475

- c. Upon the issuance of the Commission's final order in the generic docket regarding NEM (Docket No. 2019-182-E), DEP shall recalculate the Distributed Energy Resource (“DER”) incentive and other components which may change as a result of that order. DEP shall file its recalculations with the Commission within thirty (30) days of the issuance of the final order and shall provide its recalculations to the parties in this docket. At that time, parties may propose next steps to account for any differences.
- Any difference between the DER incentive and other components approved by the

⁶ “Residential PV” refers to a load shape reflecting generation installed by a residential customer. “SGS PV” refers to a load shape reflecting generation installed by a small commercial/industrial customer served under Small General Service Schedule SGS. “Large PV” refers to a load shape reflecting generation installed by a customer with higher consumption requirements and applies to all other nonresidential schedules. The Company continues to utilize third-party solar load profile data for non-residential customers.

⁷ Avoided Criteria Pollutants reflects NOx and SOx that have been separately identified from approved marginal energy costs.

⁸ Pursuant to the Settlement Agreement reached in DEP’s 2016 annual fuel proceeding (Docket No. 2016-1-E), the Company has calculated the hedge value and determined that no fuel hedge exists; therefore, the value is zero.

⁹ Line loss factors are 1.281% for marginal energy and 1.857% for marginal capacity per DEP’s updated 2018 line loss analysis based upon 2020 cost of service.

Commission in Docket No. 2021-1-E and the recalculated DER incentive and other components reflective of the Commission’s Order in Docket No. 2019-182-E are to be reflected in the base fuel and DERP Incremental (over)/under collection as of the effective date of the Order in Docket No. 2019-182-E, as applicable, and included in the Company’s 2022 fuel filing.

- d. The Stipulating Parties agree that the appropriate fixed charges per account to recover DERP incremental costs (“DERP Charge”) for the period beginning with service rendered from July 1, 2021 through June 30, 2022 are listed below.

DERP Charge ¹⁰ (\$/account)		
	Annual Charge	Monthly Charge
Residential	12.00	1.00
Commercial	42.39	3.53
Industrial	1,200.00	100.00

- e. The Stipulating Parties further agree that, except as noted below, any challenges to DEP’s historical fuel costs recovery for the period ending February 28, 2021, are not subject to further review; however, the projected fuel costs for the period beginning March 1, 2021, and thereafter, shall be open issues in future fuel cost proceedings held under the procedure and criteria established in S.C. Code Ann. § 58-27-865.
- f. With regard to plant outages not complete as of February 28, 2021, and plant outages where final reports (Company, contractor, government reports or otherwise) are not available, the Stipulating Parties agree that the Stipulating Parties retain the right to review the reasonableness of plant outage(s) and associated costs in the review period during which the outage is completed or when the report(s) become available.

¹⁰ Gross receipts tax and regulatory fees included.

- g. DEP agrees that in an effort to keep the Stipulating Parties and DEP's customers informed of the (over)/under recovery balances related to fuel costs and of DEP's commercially reasonable efforts to forecast the expected fuel factor to be set at its next annual fuel proceeding, DEP will provide to the ORS, and where applicable, its other customers, certain specified reporting information.
- h. The Stipulating Parties agree that DEP's methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under the Public Utility Regulatory Policies Act of 1978 ("PURPA") and natural gas transportation and storage costs) are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865.
- i. In Act 236, the Legislature included a specific requirement that all capacity costs that are recovered through the fuel factor must be allocated and recovered in accordance with the method used by the utility to recover variable environmental costs and included in a separate component of the fuel factor. *See* S.C. Code Section 58-27-865(A)(1). ORS reviewed DEP's methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under PURPA and natural gas transportation and storage costs), and the Parties agree that the methodology used by DEP in this proceeding are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865.

- j. DEP agrees to continue to examine and make adjustments, as necessary, to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. DEP also agrees to provide monthly natural gas hedging reports to ORS.
- k. Nothing contained in this Stipulation alters, amends, or changes the methodology established for determining the environmental factor for DEP's rate classes as set forth in Paragraphs 3(B) and (C) of the Stipulation filed with and approved by the Commission in Docket No. 2007-1-E.

II. JURISDICTION OF THE COMMISSION

In accordance with S.C. Code Ann. § 58-27-140(1), the Commission may, upon petition, “ascertain and fix just and reasonable standards, classifications, regulations, practices or service to be furnished, imposed, observed, and followed by any or all electrical utilities.” Further, S.C. Code Ann. § 58-27-865(B) provides, in pertinent part, that “[u]pon conducting public hearings in accordance with law, the commission shall direct each company to place in effect in its base rate an amount designed to recover, during the succeeding twelve months, the fuel costs determined by the commission to be appropriate for that period, adjusted for the over-recovery or under-recovery from the preceding twelve-month period.”

Consistent with the requirements of S.C. Code Ann. § 58-27-865(B), the Commission convened an evidentiary hearing to determine the reasonableness of the Company's proposed rates to recover fuel costs.

III. DISCUSSION OF THE HEARING

The public evidentiary hearing was held virtually on June 10, 2021, before the Commission with the Honorable Justin T. Williams presiding. Representing the Parties and appearing before

the Commission in this docket were Samuel J. Wellborn, Esquire, and Katie M. Brown, Esquire, for the Company; Katherine L. Mixson, Esquire, for SACE/CCL; and Michael K. Lavanga, Esquire, for Nucor¹¹; and Andrew M. Bateman, Esquire, and Alexander W. Knowles for ORS. At the outset of the hearing, ORS counsel presented the Stipulation, which was admitted into the record as Hearing Exhibit 1. The Company and ORS presented witnesses regarding the Company's base rates for fuel costs.

A. Company Testimony

The Company presented the direct testimonies and exhibits of witnesses Kevin Y. Houston, Ben Waldrep, Brett Phipps, Bryan P. Walsh, Jason D. Martin, and Dana M. Harrington. The pre-filed testimony of all DEP witnesses was accepted into the record without objection. The exhibits to the Company's pre-filed testimony that were offered without objection, marked as Hearing Exhibits 2 through 7, and entered into the record.¹²

Company witness Houston testified regarding the Company's nuclear fuel purchasing practices, provided costs for the period of March 1, 2020 through February 28, 2021 ("Review Period"), and described changes forthcoming for the period July 1, 2021 through June 30, 2022 ("Billing Period").

¹¹ Due to military obligations, Robert R. Smith, II, Esquire was excused from attending the hearing as counsel for Nucor, and Mike Lavanga, Esquire was approved by the Commission to serve as counsel for Nucor during the hearing.

¹² Hearing Exhibit 2 consists of Composite Direct Testimony Exhibits of witness Houston; Hearing Exhibit 3 consists of Composite Public Direct Testimony Exhibits of witness Waldrep; Hearing Exhibit 4 consists of the Confidential Direct Testimony Exhibit 3 of witness Waldrep and was accepted into the record under seal; Hearing Exhibit 5 consists of the Composite Direct Testimony Exhibits of witness Phipps; Hearing Exhibit 6 consists of Amended Direct Testimony Exhibit of witness Martin; and Hearing Exhibit 7 consists of 14 Composite Direct Testimony Exhibits of Dana Harrington.

Company witness Waldrep discussed the performance of the Company's nuclear fleet during the Review Period.¹³ Witness Waldrep reported to the Commission that the Company achieved a net nuclear capacity factor, excluding reasonable outage time, of 101.56% for the Review Period, which exceeds the 92.5% set forth in S.C. Code Ann. § 58-27-865(F).

Company witness Phipps testified regarding the Company's fossil fuel purchasing practices, provided actual fuel purchasing costs for the Review Period compared to the prior review period of March 1, 2019 through February 29, 2020, and described related changes forthcoming in the Billing Period related to trends in market conditions and projected fossil fuel consumption and costs.

Company witness Walsh testified regarding the Company's fossil/hydro/solar generation portfolio and changes made since the prior year's filing, changes expected in the near term, and the performance of the Company's fossil/hydro/solar generation facilities during the Review Period. Witness Walsh also provided information on significant fossil/hydro/solar outages that occurred during the Review Period and provided information concerning environmental compliance efforts.

Company witness Martin testified regarding DERP costs that are incorporated into the proposed fuel factors by Company witness Harrington. Company witness Martin also provided information on the nature of the costs filed as well as any changes made to the DERP portfolio since the previous fuel proceeding. Additionally, Company witness Martin sponsored the Company's revisions to the 2021 Renewable Net Metering Rider RNM tariff sheet, filed as Martin Exhibit 1. Martin Table 5 detailed the value of NEM DERs by component:

¹³ Pursuant to the Company's request, Commission Order No. 2021-55H ordered that Exhibit 3 of DEP witness Waldrep's Direct Testimony be treated as confidential.

Components of NEM Distributed Energy Resource Value	Component Value (\$/kWh) Residential PV¹⁴	Component Value (\$ per kWh) for Small PV¹⁴	Component Value (\$ per kWh) for Large PV¹⁴
Marginal Energy Cost	\$0.024785	\$0.024795	\$0.024801
Marginal Capacity Cost	\$0.001767	\$0.001738	\$0.001763
Ancillary Services	(\$0.002389)	(\$0.002390)	(\$0.002390)
T&D Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants ¹⁵	\$0.000027	\$0.000028	\$0.000030
Avoided CO2 Emissions Cost	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge ¹⁶	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Cost	\$0.000000	\$0.000000	\$0.000000
Utility Administration Cost	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.024190	\$0.024170	\$0.024204
Line Losses ¹⁷	\$0.000272	\$0.000271	\$0.000271
Total Value of NEM Distributed Energy	\$0.024461	\$0.024442	\$0.024475

Company witness Harrington’s direct testimony addressed the Company’s actual fuel, capacity-related costs, including PURPA capacity, environmental, and DERP cost data for the Review Period, the estimated fuel, capacity-related costs, environmental, and DERP cost information for March 1, 2021 through June 30, 2021, and the Company’s proposed fuel factors by customer class for the Billing Period. Company witness Harrington testified that the environmental cost component allocations were consistent with Order No. 2007-440, that the capacity component was allocated in accordance with Order No. 2015-843, and that DERP cost components were allocated in accordance with Act 236.

¹⁴ “Residential PV” refers to a load shape reflecting generation installed by a residential customer. “SGS PV” refers to a load shape reflecting generation installed by a small commercial/industrial customer served under Small General Service Schedule SGS. “Large PV” refers to a load shape reflecting generation installed by a customer with higher consumption requirements and applies to all other nonresidential schedules. The Company continues to utilize third-party solar load profile data for non-residential customers.

¹⁵ Avoided Criteria Pollutants reflects NOx and SOx that have been separately identified from approved marginal energy costs.

¹⁶ Pursuant to the Settlement Agreement reached in DEP’s 2016 annual fuel proceeding (Docket No. 2016-1-E), the Company has calculated the hedge value and determined that no fuel hedge exists; therefore, the value is zero.

¹⁷ Line loss factors are 1.281% for marginal energy and 1.857% for marginal capacity per DEP’s updated 2018 line loss analysis based upon 2020 cost of service.

Company witness Harrington provided fourteen (14) exhibits to support her direct testimony. The rates and monthly charges proposed by the Company in this proceeding are reflected on Harrington Exhibit No. 1, summarized in-part, excluding gross receipts tax and regulatory fees, as follows:

Class of Service	Base Fuel Component (¢/kWh)	Environmental Component (¢/kWh)	Capacity Related Component (¢/kWh)	DERP Avoided Cost Component (¢/kWh)	Combined Total Fuel Factor (¢/kWh)
Residential ¹⁸	1.887	0.005	0.465	0.003	2.360
General Service (non-demand)	1.874	0.015	0.580	0.004	2.473
General Service (demand)	1.874	¹⁹	²⁰	²¹	1.874
Lighting	1.874	0.000	0.000	0.000	1.874

Company witness Harrington discussed the Company's approved DERP, associated costs and the DERP NEM Incentive. Witness Harrington testified that the Company seeks approval for the monthly DERP Charge of \$1.00, \$3.53, and \$100.00 for South Carolina residential, commercial, and industrial customers, respectively, including Gross Receipts Tax.

Company witness Harrington stated the impact of all components of the Company's filing for an average residential customer using 1,000 kWh per month is a decrease of \$0.97, or 0.9%. Company witness Harrington stated the average decrease anticipated in the average monthly bill of Lighting customers is 0.1%, and the average increase in the average monthly bill of General Service Non-demand and General Service Demand customers is 1.5%, and 1.0%, respectively.

B. ORS Testimony

¹⁸ The Residential Base Fuel Factor includes the Residential Energy Conservation Discount, Rider RECD-2D, adjustment factor of 0.7068%.

¹⁹ The Proposed General Service (demand) Environmental Component is 4 cents per kW.

²⁰ The Proposed General Service (demand) Capacity Related Component is 157 cents per kW.

²¹ The Proposed General Service (demand) DERP Avoided Cost Component is 1 cent per kW.

Following the presentation of the Company's witnesses, ORS presented the direct testimonies of Anthony D. Briseno, Brandon S. Bickley, and Michael L. Seaman-Huynh. ORS also presented revised direct testimony and direct testimony exhibit of O'Neil O. Morgan. The pre-filed direct testimony and revised direct testimony of all ORS witnesses was accepted into the record without objection and the ORS witnesses' exhibits were marked as Hearing Exhibits 8 through 11 and were entered into the record of the case.

ORS witness Briseno presented direct testimony and exhibits, which demonstrated the results of ORS's examination of the Company's books and records pertaining to operations under the Fuel Adjustment Clause for the Review Period.²² Witness Briseno testified that based on ORS's examination, ORS agrees with the balances and the adjustments put forth by the Company as of the end of the Review Period. ORS agrees with the following cumulative (over)/under-recovery balances as calculated by the Company:

- February 2021 base fuel cost under-recovery balance of \$10,892,003;
- February 2021 environmental cost component over-recovery balance of \$348,874;
- February 2021 capacity cost component under-recovery balance of \$5,044,753;
- February 2021 DERP incremental under-recovery balance of \$173,595;
- February 2021 DERP avoided cost over-recovery balance of \$19,309;
- June 2021 estimated base fuel cost under-recovery balance of \$9,257,175;
- June 2021 estimated environmental cost component over-recovery balance of \$483,868;
- June 2021 estimated capacity cost component under-recovery balance of \$5,491,437;

²² Composite Hearing Exhibit 8 consists of the Direct Testimony Exhibits of Anthony D. Briseno. (Exhibits ADB-1 through ADB-9).

- June 2021 estimated DERP incremental cost under-recovery balance of \$274,531; and
- June 2021 estimated DERP avoided cost over-recovery balance of \$36,805.

ORS witness Bickley presented direct testimony and exhibits²³ regarding ORS's examination of the Company's power plant operations and nuclear, fossil and hydro generation performance, generation mix, plant dispatch, and forecasted power plant operations.

ORS witness Morgan presented his revised direct testimony and originally filed exhibit OOM-1.²⁴ Witness Morgan testified to ORS's recommendations resulting from the examination of the Company's DERP actual, estimated, and forecasted expenses for March 2020 through June 2022. Specifically, witness Morgan testified regarding the Company's DERP avoided and incremental costs and the method the Company proposed to recover those costs, the Company's calculation of the NEM incentive, and the Company's modification to the Renewable Net Metering Rider. ORS found the Company's DERP avoided and incremental costs to be reasonably and prudently incurred in implementing the Company's DERP and ORS found the Company's estimated and forecasted DERP avoided and incremental costs to be reasonable. ORS found the Company's calculation of the proposed monthly DERP charges per account and the under-collected incremental costs complied with Act 236 and the Commission's orders in previous DERP-related proceedings. Exhibit OOM-1 reflects the under-recovered and total estimated forecasted incremental costs.

²³ Composite Hearing Exhibit 9 consists of the Direct Testimony Exhibits of Brandon S. Bickley (Exhibits BSB-1 through BSB-6).

²⁴ Hearing Exhibit 10 consists of the Direct Testimony Exhibit of O'Neil O. Morgan (Exhibit OOM-1).

ORS witness Seaman-Huynh presented his direct testimony and exhibits²⁵ by testifying to the Company's fuel expenses and ORS's recommendations resulting from the examination and review of the Company's fuel expenses, fossil and nuclear fuel procurement, fuel transportation, environmental compliance-related costs, purchased power, and the Company's policies and procedures. Witness Seaman-Huynh also testified regarding ORS's review of the Company's forecasted fuel-related costs and sales. Witness Seaman-Huynh testified that should the Commission approve the rates proposed by the Company, the average monthly bill for a residential customer on Rate RES using 1,000 kWh would decrease by approximately \$0.96, or 0.80%.

Witness Seaman-Huynh further testified to the reporting requirements ORS recommended the Commission require of DEP. Witness Seaman-Huynh testified at the hearing that these reporting requirements were addressed by the Stipulation.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Having heard the testimony of the witnesses and representations of counsel and after careful review of the proposed orders, post-hearing briefs, and record, the Commission finds that approval of the rates and monthly charges proposed by the Company in this proceeding is consistent with the standards for fuel review proceedings conducted pursuant to S.C. Code Ann. § 58-27-865, and is supported by the substantial evidence in the record. The rates and monthly charges proposed by the Company are calculated to allow recovery in a precise and prompt manner while assuring public confidence and minimizing abrupt changes in charges to customers. As such, approval of these rates and monthly charges is in the public interest in this case. The Commission further finds that the Company's proposed rates and monthly charges provide stabilization to the

²⁵ Composite Hearing Exhibit 11 consists of the Direct Testimony and Exhibits of Michael L. Seaman-Huynh (Exhibits MSH-1 through MSH-5).

fuel factors, minimize fluctuations for the near future, and do not appear to inhibit economic development in South Carolina.

The Commission finds that the methodology for allocation of the environmental cost component used by the Company is in accordance with the methodology approved by the Commission in Order No. 2007-440 and is just and reasonable.

The Commission finds that the methodology for allocation of the capacity-related cost component used by the Company in this proceeding is in accordance with the methodology approved in by the Commission in Order No. 2015-843 and is just and reasonable.

The Commission finds that fuel costs incurred during the review period were in accordance with the statutory requirements of S.C. Code Ann. § 58-27-865 and that the fuel factors as calculated in Company witness Harrington's Exhibit 1 are lawful, just, and reasonable.

The Commission finds that the 2021 component values for NEM Distributed Energy Resources, as shown in Table 5 in the prefiled testimony of Company witness Martin, as amended, comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. §§ 58-40-10 *et seq.*

The Company's calculation and method of accounting for DERP avoided and incremental costs during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order No. 2015-194, and complied with S.C. Code Ann. §§ 58-40-10 *et seq.*

The Commission finds the revisions to the 2021 Renewable Net Metering Rider RNM tariff sheet reflected in Martin Amended Exhibit 1 are lawful, just and reasonable.

The Commission finds the monthly DERP Charges as indicated in Company witness Harrington's Exhibit 1 at line 26, are reasonable and comply with S.C. Code Ann. §§ 58-27-865, 58-39-140 and 58-39-150.

IT IS THEREFORE ORDERED THAT:

1. The Stipulation, attached hereto as Order Exhibit 1, is adopted and approved and incorporated into this Order by reference.

2. The pre-filed testimonies of ORS witnesses Anthony D. Briseno, Brandon S. Bickley, O'Neil O. Morgan, Michael L. Seaman-Huynh and the pre-filed testimonies of Company witnesses Kevin Y. Houston, Ben Waldrep, Brett Phipps, Bryan P. Walsh, Dana M. Harrington, and Jason D. Martin, as amended, along with their respective exhibits entered into evidence as Hearing Exhibits 2 through 11, are accepted into the record. The oral testimony of these witnesses provided at the hearing on June 10, 2021, is also incorporated into the record of this case.

3. The fuel purchasing practices, plant operations, and fuel inventory management of the Company related to the historical fuel costs and revenues as of the end of the Review Period, are prudent. However, with regard to plant outages not complete as of the end of the Review Period, and plant outages where final reports or investigations (Company, contractor, government reports or otherwise) were not available at the time of the hearing on this matter, the reasonableness of such outages shall be subject to review in the period where such report(s) become available and provided to ORS.

4. The Stipulation is incorporated into this present Order by reference and attachment and is found to be a reasonable resolution of the issues in this case and to be in the public interest and is hereby adopted and approved.

5. The methodologies used by the Company to calculate avoided energy and avoided capacity costs under PURPA for the Review Period and Billing Period are reasonable and prudent.

6. The Company's revisions to the 2021 Renewable Net Metering Rider RNM tariff sheet, attached hereto as Order Exhibit 2, are lawful, just and reasonable, and shall become effective for service rendered during the Billing Period.

7. Upon the issuance of the Commission's final order in the generic docket regarding NEM (Docket No. 2019-182-E), DEP shall recalculate the DER incentive and other components which may change as a result of that order. DEP shall file its recalculations with the Commission within thirty (30) days of the issuance of the final order and shall provide its recalculations to the parties in this docket. At that time, parties may propose next steps to account for any differences. Any difference between the DER incentive and other components approved by the Commission in Docket No. 2021-1-E and the recalculated DER incentive and other components reflective of the Commission's Order in Docket No. 2019-182-E are to be reflected in the base fuel and DERP Incremental (over)/under collection as of the effective date of the Order in Docket No. 2019-182-E, as applicable, and included in the Company's 2022 fuel filing.

8. The Company's calculation and method of accounting for DERP avoided and incremental costs during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order No. 2015-194, and complied with S.C. Code Ann. §§ 58-40-10 *et seq.*

9. The 2021 component values for NEM Distributed Energy Resources comply with the methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. §§ 58-40-10 *et seq.*

10. The Company shall set its Residential base fuel factor at 1.887 cents per kWh (not including applicable environmental, capacity-related, and DERP avoided cost components) effective for service rendered during the Billing Period.²⁶ The Company shall set its General Service (non-demand), Lighting, and General Service (demand) base fuel factors at 1.874 cents per kWh (not including applicable environmental, capacity-related, and DERP avoided cost components) effective for service rendered during the Billing Period.²⁷

11. The Company shall set its environmental component billing factor at 0.005 cents per kWh for the Residential class, 0.015 cents per kWh for the General Service (non-demand) class, 0.0 cents per kWh for Lighting class, and 4 cents per kilowatt (“kW”) for the General Service (demand) class for service rendered during the Billing Period.

12. The Company shall set its capacity-related component at 0.465 cents per kWh for the Residential class, 0.580 cents per kWh for the General Service (non-demand) class, 0.0 cents per kWh for Lighting class, and 157 cents per kW for the General Service (demand) class for service rendered during the Billing Period.

13. The Company shall set its DERP avoided cost component at 0.003 cents per kWh for the Residential class, 0.004 cents per kWh for the General Service (non-demand) class, 0.0 cent per kWh for Lighting class, and 1 cent per kW for the General Service (demand) class for service rendered during the Billing Period.

²⁶ The Residential components in ordering paragraphs 7 through 10 include the Residential Energy Conservation Discount adjustment.

²⁷ The base fuel factors, environmental component billing factor, avoided capacity component, and DERP avoided cost component do not include Gross Receipt Tax and regulatory fees.

14. The Company shall set its DERP Charge at \$1.00/month for the Residential class, \$3.53/month for the Commercial class, and \$100.00/month for the Industrial class, including Gross Receipts Tax and regulatory fees.

15. The Company shall file the South Carolina Retail Adjustment for Fuel, Variable Environmental, and Avoided Capacity Costs Rider and all other retail Tariffs with the Commission and a copy with ORS within ten (10) days of receipt of this Order.

16. The Company shall comply with the notice requirements set forth in S.C. Code Ann. § 58-27-865.

17. The Company shall continue to utilize the methodology for developing the environmental component billing factor for each rate class to recover “variable environmental costs” under S.C. Code Ann. § 58-27-865(A)(1) approved in Order No. 2007-440. Pursuant to S.C. Code § 58-27-865(A)(1), the avoided capacity component of purchased power costs and other capacity costs that are permitted to be recovered through the fuel factor, are to be allocated and recovered from customers under a separate capacity component of the overall fuel factor based on the same method that is used by the utility to allocate and recover variable environmental costs.

18. The Company shall continue to file the monthly reports as previously required.

19. The Company shall continue to examine and make adjustments as necessary to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. The Company shall also provide monthly natural gas hedging reports to ORS.

20. The Company shall, by rate class, account monthly to the Commission and ORS for the differences between the recovery of fuel costs through billed rates and the actual fuel costs experienced by booking the difference to unbilled revenues with a corresponding deferred debit or credit.

21. The Company shall submit monthly reports to the Commission and ORS of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 megawatts or greater.

22. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman

ATTEST:

Jocelyn G. Boyd, Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-1-E
June 7, 2021

IN RE: Annual Review of Base Rates for Fuel)
 Costs of Duke Energy Progress, LLC) **STIPULATION**
 _____)

This Stipulation is made by and among the South Carolina Office of Regulatory Staff (“ORS”), Duke Energy Progress, LLC (“DEP” or the “Company”), South Carolina Coastal Conservation League and Southern Alliance for Clean Energy (“CCL/SACE”), and Nucor Steel–South Carolina (collectively referred to as the “Stipulating Parties” or sometimes individually as a “Stipulating Party”).

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (the “Commission”) pursuant to the procedure established in S.C. Code Ann. § 58-27-865, and the Stipulating Parties are parties of record in the above-captioned docket;

WHEREAS, the Stipulating Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Stipulating Parties have engaged in discussions to determine whether a stipulation of the issues would be in their best interests;

WHEREAS, following these discussions the Stipulating Parties have each determined that their interests and the public interest would be best served by stipulating all issues in the above-captioned case under the terms and conditions set forth below:

A. STIPULATION OF TESTIMONY AND WAIVER OF CROSS EXAMINATION

A.1 The Stipulating Parties agree to stipulate into the record before the Commission the pre-filed direct testimony and exhibits of ORS witnesses Anthony D. Briseno, Brandon S. Bickley, Michael L. Seaman-Huynh, and O'Neil O. Morgan without objection or cross-examination by any Stipulating Party. The Stipulating Parties also agree to stipulate into the record before the Commission, without objection or cross-examination by any Stipulating Party, the direct testimony and exhibits of DEP witnesses Dana M. Harrington, Kevin Y. Houston, Ben Waldrep (including Confidential Exhibit No. 3), Jason D. Martin, Brett Phipps, and Bryan P. Walsh.

A.2 The Stipulating Parties reserve the right to engage in re-direct of witnesses as may be necessary to respond to issues raised by the examination of their witnesses by non-signatories to this Stipulation.

A.3 The Stipulating Parties agree that no other evidence will be offered in the proceeding by the Stipulating Parties other than the stipulated testimony and exhibits and this Stipulation with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction or clarification or by a witness adopting the testimony of another if permitted by the Commission or to answer a question posed by a non-signatory to this Stipulation.

B. STIPULATION TERMS

B.1 The Stipulating Parties agree to the proposal set out immediately below, and this proposal is hereby adopted, accepted, and acknowledged as the agreement of the Stipulating Parties.

B.2 Without prejudice to the position of any Stipulating Party in future proceedings, the Stipulating Parties agree to accept all recommendations and adjustments in the testimony and exhibits of ORS witnesses.

Avoided and Incremental Costs, Net Energy Metering and Distributed Energy Resources

B.3 The Stipulating Parties agree for purposes of this stipulation and without prejudice to the position of any Stipulating Party in any future proceeding that the 2021 component values for the Net Energy Metering (“NEM”) Distributed Energy Resources, as shown in Table 5 in the testimony of DEP witness Martin and listed below comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10, *et seq.*

Components of NEM Distributed Energy Resource Value	Component value (\$/kWh) Residential PV ¹	Component value (\$ per kWh) for Small PV ¹	Component value (\$ per kWh) for Large PV ¹
Marginal Energy Cost	\$0.024785	\$0.024795	\$0.024801
Marginal Capacity Cost	\$0.001767	\$0.001738	\$0.001763
Ancillary Services	(\$0.002389)	(\$0.002390)	(\$0.002390)
T&D Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants ²	\$0.000027	\$0.000028	\$0.000030
Avoided CO2 Emissions Cost	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge ³	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Cost	\$0.000000	\$0.000000	\$0.000000
Utility Administration Cost	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.024190	\$0.024170	\$0.024204
Line Losses ⁴	\$0.000272	\$0.000271	\$0.000271
Total Value of NEM Distributed Energy	\$0.024461	\$0.024442	\$0.024475

¹ “Residential PV” refers to a load shape reflecting generation installed by a residential customer. “SGS PV” refers to a load shape reflecting generation installed by a small commercial/industrial customer served under Small General Service Schedule SGS. “Large PV” refers to a load shape reflecting generation installed by a customer with higher consumption requirements and applies to all other nonresidential schedules. The Company continues to utilize third-party solar load profile data for non-residential customers.

² Avoided Criteria Pollutants reflects NOx and SOx that have been separately identified from approved marginal energy costs.

³ Pursuant to the Settlement Agreement reached in DEP’s 2016 annual fuel proceeding (Docket No. 2016-3-E), the Company has calculated the hedge value and determined that no fuel hedge exists; therefore, the value is zero

⁴ Line loss factors are 1.281% for marginal energy and 1.857% for marginal capacity per DEP’s updated 2018 line loss analysis based upon 2020 cost of service.

B.4 Upon the issuance of the Commission's final order in the generic docket regarding Net Energy Metering (Docket No. 2019-182-E), DEP shall recalculate the DER incentive and other components which may change as a result of that order. DEP shall file its recalculations with the Commission within 30 days of the issuance of the final order and shall provide its recalculations to the parties in this docket. At that time, parties may propose next steps to account for any differences. Any difference between the DER incentive and other components approved by the Commission in Docket No. 2021-1-E and the recalculated DER incentive and other components reflective of the Commission's Order in Docket No. 2019-182-E will be reflected in the base fuel and DERP Incremental (over)/under collection as of the effective date of the Order in Docket No. 2019-182-E, as applicable, and included in the Company's 2022 fuel filing.

B.5 Distributed Energy Resource Program ("DERP") incremental costs are required by Act 236 to be allocated and recovered based on the same method used by the utility to allocate and recover variable environmental costs and under a separate DERP component of the overall fuel factor. Therefore, ORS analyzed the actual and estimated DERP incremental costs that DEP incurred for the period of March 2020 through February 2021, the estimated costs for the period of March 2021 through June 2021, and the forecasted costs for the period July 2021 through June 2022. The Stipulating Parties agree with the adjustments made by the Company to the DERP incremental costs component. The Parties agree with the ending cumulative balances of DERP incremental costs for February 2021 as an under-recovered \$173,595, and June 2021 as an under-recovered \$274,531, as calculated by the Company. The Stipulating Parties agree that the appropriate fixed charges per account to recover DERP incremental costs ("DERP Charge") for the period beginning with service rendered from July 1, 2021 through June 30, 2022 are listed below.

DERP Charge ⁵ (\$/account)		
	Annual Charge	Monthly Charge
Residential	12.00	1.00
Commercial	42.39	3.53
Industrial	1,200.00	100.00

B.6 The Stipulating Parties agree that the DERP Charges as set forth above are consistent with S.C. Code Ann. §§ 58-27-865, 58-39-140 and 58-39-150 and with Commission orders.

B.7 The Stipulating Parties agree that, consistent with past practice, under-collected DERP incremental costs resulting from the annual cost caps mandated by Act 236 will earn carrying costs at the three-year treasury rate plus 65 basis points and will be reallocated using each class's contribution to peak demand. The Stipulating Parties agree that in an effort to keep the Stipulating Parties and DEP's customers informed of the (over)/under-recovery balances related to DERP incremental costs, DEP will provide to ORS and, where applicable, its customers, forecasts of the expected DERP Charge to be set at its next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and DEP's forecast of DERP incremental and avoided costs. Forecasts will be provided in the same manner as forecasts of the expected fuel factor.

B.8 DERP avoided costs are required by Act 236 to be allocated and recovered based on the same method used by the utility to allocate and recover variable environmental costs and under a separate DERP component of the overall fuel factor. Therefore, ORS analyzed the DERP avoided costs that DEP reported and projected for the actual period of March 2020 through February 2021, the estimated costs for the period of March 2021 through June 2021, and the

⁵ Gross Receipts Tax included.

forecasted costs for the period July 2021 through June 2022 and found them to be reasonable. The Stipulating Parties agree with the ending cumulative balances of DERP avoided costs for February 2021 as an over-recovered \$19,309, and June 2021 as an over-recovered \$36,805, as calculated by the Company.

Fuel Expenses and Power Plant Operations

B.9 The Stipulating Parties agree with the adjustments made by the Company to the base fuel component. The Stipulating Parties agree with the ending cumulative balances of base fuel for February 2021 as an under-recovered \$10,892,003, and June 2021 as an under-recovered \$9,257,175, as calculated by the Company.

B.10 The Stipulating Parties agree with the ending cumulative balances of environmental costs for February 2021 as an over-recovered \$348,874, and June 2021 as an over-recovered \$483,868, as calculated by the Company.

B.11 ORS also analyzed DEP's calculation of the projected cumulative capacity-related costs. The Stipulating Parties agree with the ending cumulative balances of capacity costs for February 2021 as an under-recovered \$5,044,753, and June 2021 as an under-recovered \$5,491,437, as calculated by the Company.

B.12 ORS thoroughly reviewed and investigated DEP's nuclear operations during the review period. As shown in ORS witness Bickley's Exhibit BSB-1, DEP's nuclear fleet achieved an average net capacity factor during the review period of 93.13%. DEP achieved this capacity factor notwithstanding the fact that it experienced two (2) scheduled refueling outages, one (1) maintenance outage, and six (6) forced outages during the review period. S.C. Code Ann. § 58-27-865 states that:

There shall be a rebuttable presumption that an electrical utility made every reasonable effort to minimize cost associated with the operation of its nuclear generation facility or system, as applicable,

if the utility achieved a net capacity factor of ninety-two and one-half percent or higher during the period under review. The calculation of the net capacity factor shall exclude reasonable outage time associated with reasonable refueling, reasonable maintenance, reasonable repair, and reasonable equipment replacement outages; the reasonable reduced power generation experienced by nuclear units as they approach a refueling outage; the reasonable reduced power generation experienced by nuclear units associated with bringing a unit back to full power after an outage; Nuclear Regulatory Commission required testing outages unless due to the unreasonable acts of the utility; outages found by the commission not to be within the reasonable control of the utility; and acts of God. The calculation also shall exclude reasonable reduced power operations resulting from the demand for electricity being less than the full power output of the utility's nuclear generation system.

Excluding reasonable outage time pursuant to S.C. Code Ann. §58-27-865(F), DEP's net nuclear capacity factor for the review period was 101.56% as reflected in DEP witness Waldrep's Direct Testimony Exhibit 1.

B.13 The Stipulating Parties further agree that, except as noted herein, any challenges to DEP's historical fuel costs recovery for the period ending February 28, 2021, are not subject to further review; however, the projected fuel costs for periods beginning March 1, 2021, and thereafter shall be open issues in future fuel cost proceedings held under the procedure and criteria established in S.C. Code Ann. § 58-27-865.

Fuel Factors

B.14 The appropriate fuel factors for DEP to charge for the period beginning with services rendered in July 2021 and extending through services rendered in June 2022 are listed below. These fuel factors include the South Carolina base fuel costs, environmental costs, avoided capacity and the DERP avoided cost, but do not include gross receipt tax and regulatory fees. The Stipulating Parties agree that the fuel factors will be adjusted for billing purposes to include those amounts.

Class of Service	Base Fuel Component (¢/kWh)	Environmental Component (¢/kWh)	Capacity Related Component (¢/kWh)	DERP Avoided Cost Component (¢/kWh)	Combined Total Fuel Factor (¢/kWh)
Residential ⁶	1.887	0.005	0.465	0.003	2.360
General Service (non-demand)	1.874	0.015	0.580	0.004	2.473
General Service (demand)	1.874	⁷	⁸	⁹	1.874
Lighting	1.874	0.000	0.000	0.000	1.874

B.15 The Stipulating Parties agree that the fuel factors set forth above are consistent with S.C. Code Ann. § 58-27-865.

Other

B.16 The Stipulating Parties agree that, except as noted herein, any challenges to DEP's historical fuel costs recovery for the period ending February 28, 2021 are not subject to further review; however, with regard to plant outages not complete as of February 28, 2021, and plant outages where final reports or investigations (Company, contractor, government reports or otherwise) are not available, the Stipulating Parties agree that they retain the right to review the reasonableness of plant outage(s) and associated costs in the review period during which the outage is completed or when the report(s) become available.

B.17 DEP agrees that in an effort to keep the Stipulating Parties and DEP's customers informed of the (over)/under recovery balances related to fuel costs and of DEP's commercially

⁶ The Residential Base Fuel Factor includes the Residential Energy Conservation Discount, Rider RECD-2D, adjustment factor of 0.7068%

⁷ The Proposed General Service (demand) Environmental Component is 4 cents per kW

⁸ The Proposed General Service (demand) Capacity Related Component is 157 cents per kW.

⁹ The Proposed General Service (demand) DERP Avoided Cost Component is 1 cent per kW.

reasonable efforts to forecast the expected fuel factor to be set at its next annual fuel proceeding, DEP will provide to the ORS, and where applicable, its other customers, the following information:

- a. Copies of the monthly fuel recovery reports currently filed with the Commission and ORS showing the monthly (over)/under-recovery and cumulative balances through the end of the forecast period ¹⁰;
- b. Copies of the monthly fuel recovery reports currently filed with the Commission, modified to include reports of itemized monthly actual DERP incremental and avoided costs as well as the monthly (over)/under cumulative balances of DERP avoided and incremental costs;
- c. Quarterly forecasts (during each of the three (3) quarters in which there is no annual fuel proceeding but not in the quarter where DEP makes its annual fuel filing) of the expected fuel factor to be set at its next annual fuel proceeding based upon DEP's historical (over)/under recovery to date and DEP's forecast of prices for uranium, natural gas, coal, oil and other fuel required for generation of electricity. DEP agrees that it will use commercially reasonable efforts in making these forecasts. To the extent that the forecast data required hereunder is confidential, any party or customer that wants forecasted fuel data will have to sign a non-disclosure agreement to protect the data from public disclosure and to only disclose it to employees or agents with a need to be aware of this information.
- d. Forecasts of the expected DERP Charge to be set at its next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and

¹⁰ The Company agrees to break-out Schedule 4 of the monthly fuel recovery reports so that each component (base fuel, environmental, avoided capacity, and DERP avoided costs) is reported separately.

DEP's forecast of DERP incremental and avoided costs. Forecasts will be provided in the same manner as B.16(c) above.

B.18 The Stipulating Parties agree that DEP's methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under the Public Utility Regulatory Policies Act of 1978 and natural gas transportation and storage costs) are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865.

B.19 In Act 236, the Legislature included a specific requirement that all capacity costs that are recovered through the fuel factor must be allocated and recovered in accordance with the method used by the utility to recover variable environmental costs and included in a separate component of the fuel factor. *See* S.C. Code Section 58-27-865(A)(1). ORS has reviewed DEP's methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under the Public Utility Regulatory Policies Act of 1978 ("PURPA") and natural gas transportation and storage costs), and the Parties agree that the methodology used by DEP in this proceeding are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865.

B.20 DEP agrees to continue to examine and make adjustments, as necessary, to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. DEP also agrees to provide monthly natural gas hedging reports to the ORS.

B.21 Nothing contained in this Stipulation alters, amends, or changes the methodology established for determining the environmental factor for DEP's rate classes as set forth in Paragraphs 3(B) and (C) of the Stipulation filed with and approved by the Commission in Docket No. 2007-1-E.

C. REMAINING STIPULATION TERMS AND CONDITIONS

C.1 Further, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B). S.C. Code Ann. § 58-4-10(B) reads in part as follows:

. . . 'public interest' means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Stipulation serves the public interest as defined above.

C.2 The Stipulating Parties agree that this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Stipulation in no way constitutes a waiver or acceptance of the position of any Stipulating Party concerning the requirements of S.C. Code Ann. § 58-27-865, S.C. Code Ann. § 58-39-10, *et seq*, S.C. Code Ann. § 58-40-10, *et seq*, and Commission Order 2015-194 in any future proceeding.

C.3 The Stipulating Parties agree to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding.

C.4 This written Stipulation contains the complete agreement of the Stipulating Parties regarding this matter. There are no other terms or conditions to which the Stipulating Parties have agreed. This Stipulation integrates all discussions among the Stipulating Parties into the terms of this written document. The Stipulating Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission should decline to approve this Stipulation in its entirety, then any Stipulating Party desiring to do so may withdraw from this Stipulation without penalty.

C.5 This Stipulation shall be interpreted according to South Carolina law.

C.6 Except as expressly set forth herein, this Stipulation in no way constitutes a waiver or acceptance of the position of any Stipulating Party concerning the requirements of S.C. Code Ann. § 58-27-865, S.C. Code Ann. § 58-39-10, *et seq*, S.C. Code Ann. § 58-40-10, *et seq*, and Commission Order No. 2015-194 in any future proceeding. This Stipulation does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Party herein from advocating an alternative methodology under S.C. Code Ann. § 58-27-865, S.C. Code Ann. § 58-39-10, *et seq*, S.C. Code Ann. § 58-40-10, *et seq*, and Commission Order No. 2015-194 in any future proceeding.

C.7 This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

C.8 The Stipulating Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, but prior to a Commission decision on the merits of this proceeding, a Stipulating Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, that Stipulating Party may withdraw from the Stipulation with written notice to every other Stipulating Party

C.9 The above terms and conditions fully represent the agreement of the Stipulating Parties. Therefore, each Stipulating Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized

the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Stipulating Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

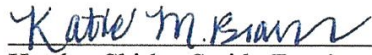
[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

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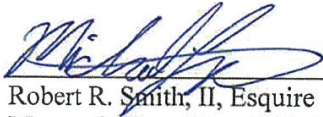
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**Representing the South Carolina Coastal Conservation League and Southern Alliance for
Clean Energy**

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ORDER EXHIBIT 2



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June 8, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: **Annual Review of Base Rates for Fuel Costs of Duke Energy Progress, LLC**
Docket Number: 2021-1-E

Dear Ms. Boyd:

Enclosed for filing on behalf of Duke Energy Progress, LLC ("DEP" or the "Company"), please find Amended Exhibit 1 to the Direct Testimony of Jason Martin. This exhibit is being updated based on the recent compliance tariffs filed pursuant to Commission Order 2021-390 in Docket No. 2020-265-E. On June 1, 2021, the Company filed its compliance tariffs in response to the Commission's Order approving DEP's solar choice metering tariffs. As part of the compliance tariff submission, Renewable Net Metering Rider RNM was closed to new participants on and after June 1, 2021, and various other revisions were made in compliance with Commission Order 2021-390. As a result, Martin Exhibit 1 has been updated to reflect the currently effective version of Renewable Net Metering Rider RNM.

Additionally, the Company discovered a typographical error on Page 2 of Martin Exhibit 1 in paragraph 9 of the Provisions Section. In the exhibit filed on April 27, 2021, paragraph 9 states "The value of NEM generation for 2020 is \$0.02446 per kWh for Schedules RES and R-TOUD, \$0.02444 for Schedule SGS and \$0.02448 for all other schedules." The Amended Exhibit has been updated to show that these figures represent the value of NEM generation for 2021, rather than for 2020. Other than the revision to Paragraph 9 of the Provisions Section, the updates to the Exhibit are strictly related to the new compliance tariff that was filed on June 1, 2021, and no additional changes have been made.

By copy of this letter, I am serving all parties of record via electronic mail.

Sincerely,

A handwritten signature in blue ink that reads "Katie M. Brown".

Katie M. Brown

cc: Parties of record

RENEWABLE NET METERING RIDER RNM-~~1011~~

AVAILABILITY

This Rider is closed to new participants on and after June 1, 2021. Customers requesting net energy metered (NEM) service on and after June 1, 2021 will receive service in accordance with the NEM tariff(s) in effect at that time.

Participants and subsequent owners of the customer-generator facility (collectively, "Participants") who applied for service under this Rider prior to May 16, 2019 shall remain eligible for standard service under this Rider until December 31, 2025. Participants who applied for service under this Rider on and after May 16, 2019 and prior to June 1, 2021 shall remain eligible for standard service under this Rider until May 31, 2029. Participants will be given the option to transfer to Schedule R-STOU (Residential Service, Solar Time-of-Use) and Rider RSC (Residential Solar Choice) beginning January 1, 2022. If Participants elect not to transfer to Schedule R-STOU and Rider RSC by the applicable sunset date of December 31, 2025 or May 31, 2029, they may continue to receive service under this Rider and their applicable rate schedule subject to the following provisions:

1. Any volumetric price increase after their applicable sunset date will be placed in a non-bypassable charge based on the estimated total solar energy production of their system size.
2. Participants will be assessed a monthly minimum bill set at \$10 more than the Basic Facilities Charge at that time.

Monthly Excess Energy will be credited at the avoided cost rate in effect at that time, rather than carry forward to the next billing month.

Available to residential and nonresidential Customers receiving concurrent service from Company, on a metered rate schedule, except as indicated under General Provisions. A customer-generator is a owner, operator, or lessee of an electric generation unit that generates or discharges electricity from a renewable energy resource, including an energy storage device configured to receive electrical charge solely from an onsite renewable energy resource. The renewable NEM generation, which includes a solar photovoltaic; solar thermal; wind powered; hydroelectric; geothermal; tidal or wave energy; recycling resource; hydrogen fueled or combined heat and power derived from renewable resources; or biomass fueled generation source of energy, is installed on Customer's side of the delivery point, for Customer's own use, interconnected with and operated in parallel with Company's system. The generation must be located at a single premise owned, operated, leased or otherwise controlled by Customer.

GENERAL PROVISIONS

1. To qualify for service under this Rider, Customer must comply with all applicable interconnection standards and must provide, in writing, the Nameplate Capacity of Customer's installed renewable generation system. Any subsequent change to the Nameplate Capacity must be provided by Customer to Company in writing by no later than 60 days following the change.
2. To qualify for service under this Rider, a residential customer may be served on an approved residential rate schedule, but may not be served under Rider NM. The Nameplate Capacity of Customer's installed generation system and equipment must not exceed 20 kW AC.
3. To qualify for service under this Rider, a nonresidential customer may be served on an approved general service rate schedule, but may not be served on Schedules SGS-TES, TSS, TFS, LGS-RTP, LGS-CUR-TOU, CSG, CSE, GS, SFLS, SGS-TOU-CLR or Rider NM. The Nameplate Capacity of Customer's installed renewable generation system and equipment must not exceed 1,000 kW AC or

100% of Customer's contract demand which shall approximate Customer's maximum expected demand.

4. If Customer is not the owner of the premises receiving electric service from Company, Company shall have the right to require that the owner of the premises give satisfactory written approval of Customer's request for service under this Rider.
5. All environmental attributes, including but not limited to "renewable energy certificates" (RECs), "renewable energy credits" or "green tags", associated with the generation system shall be conveyed to Company until billing of a Distributed Energy Resource Program Rider DERP Charge is discontinued on all customer bills. Customer certifies that the environmental attributes have not and will not be remarketed or otherwise resold for any purpose, including another distributed energy resource standard or voluntary purchase of renewable energy certificates in South Carolina or in any other state or country for the Contract Period and any successive contract periods thereto.
6. If the electricity supplied to Customer by Company exceeds the electricity delivered to the grid by the customer-generator during a monthly billing period, the customer-generator shall be billed for the net electricity in kilowatt hours (kWh) supplied by Company plus any demand or other charges under the applicable rate schedule or riders.
7. Electricity delivered to the grid by Customer's renewable generation that exceeds the electricity delivered by Company during a monthly billing period is defined as Excess Energy. When used in conjunction with a time of use schedule, the TOU periods shall be specified in the applicable schedule and any Excess Energy shall apply first with the Excess Energy generated On-Peak kWh offsetting On-peak usage and then offsetting Off-peak usage. Any excess Off-Peak kWh shall only apply against Off-peak kWh usage. Any Excess Energy not used in the current month to offset usage shall carry forward to the next billing month, except for Participants served under this Rider beyond the applicable sunset date of December 31, 2025 or May 31, 2029, for which Excess Energy will be credited at the end of each billing month.
8. Excess Energy shall be used to reduce electricity delivered and billed by Company during the current or a future month, except that for the March billing period any carry-over shall be compensated as described in the RATE paragraph below. In the event Company determines that it is necessary to increase the capacity of facilities beyond those required to serve Customer's electrical requirement or to install a dedicated transformer or other equipment to protect the safety and adequacy of electric service provided to other customers, Customer shall pay the estimated cost of the required transformer or other equipment above the estimated cost which Company would otherwise have normally incurred to serve Customer's electrical requirement, in advance of receiving service under this Rider.
9. The rates set forth herein are subject to Commission Order No. 2015-194, issued in Docket No. 2014-246-E pursuant to the terms of S.C. Code § 58-40-20(F)(4). Eligibility for this rate will terminate as set forth in that Order, and otherwise as specified above. The value of NEM generation eligible for this Rider shall be computed using the methodology contained in Commission Order No. 2015-194, in Docket No. 2014-246-E, and shall be updated annually by Company. The value of NEM generation for ~~2020-2021~~ is ~~\$0.024450.02446~~ per kWh for Schedules RES and R-TOUD, ~~\$0.024430.02444~~ for Schedule SGS and ~~\$0.024460.02448~~ for all other schedules.

RATE

All provisions of the applicable schedule and other applicable riders will apply to service supplied under this Rider, except as modified herein. For any bill month during which the Energy Charges are a net credit, the respective Energy Charges for the month shall be zero. Credits shall not offset the Basic

Facilities Charge or the Demand Charge (if applicable). In addition to all charges in the applicable rate schedule for Customer's net electrical usage, the following credit may be applicable annually:

Credit for Excess Energy

If Customer has Excess Energy after offsetting usage as of the date of the March billing, Company shall pay Customer for the amount of the accumulated Excess Energy times a rate of \$0.03360 per kWh, after which the amount of Excess Energy shall be set to zero.

Participants served under this Rider beyond the applicable sunset date of December 31, 2025 or May 31, 2029 will receive credit for Excess Energy for each billing month. These Participants will also be assessed a monthly non-bypassable charge based on their Nameplate Capacity for any volumetric price increase thereafter.

MINIMUM BILL

The monthly minimum bill for customers receiving service under this Rider shall be no less than Basic Facilities Charge from the applicable rate schedule and riders plus, if applicable, any of the following Charges: the Demand Charge, the Off-peak Excess Demand Charge, and the Extra Facilities Charge.

Participants served under this Rider beyond the applicable sunset date of December 31, 2025 or May 31, 2029 will be assessed a monthly minimum bill set at \$10 more than the Basic Facilities Charge at that time. The minimum bill will be satisfied by the Basic Facilities Charge, the portion of the Customer's monthly volumetric energy charges specific to customer and distribution costs, and riders.

Bill credits for net excess energy are not included in the calculation of the minimum bill charge. Bill credits will reduce a Customer's total bill after the minimum bill charge has been applied.

METERING REQUIREMENTS

Company will furnish, install, own and maintain a billing meter to measure the kilowatt demand delivered by Company to Customer, and to measure the net kWh purchased by Customer or delivered to Company. For renewable generation capacity of 20 kW AC or less, the billing meter will be a single, bi-directional meter which records independently the net flow of electricity in each direction through the meter, unless Customer's overall electrical requirement merits a different meter. For larger renewable generation capacities, Company may elect to require two meters with 15-minute interval capabilities to separately record Customer's electrical consumption and the total generator output, which will be electronically netted for billing. Customer grants Company the right to install, operate, and monitor special equipment to measure Customer's generating system output, or any part thereof, and to obtain any other data necessary to determine the operating characteristics and effects of the installation. All metering shall be at a location that is readily accessible by Company.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Rider is only applicable for installed renewable generation systems and equipment that complies with and meets all safety, performance, interconnection, and reliability standards established by the Commission, the National Electric Code, the National Electrical Safety Code, the Institute of Electrical and Electronic Engineers, Underwriter's Laboratories, the Federal Energy Regulatory Commission and any local governing authorities. Customer must comply with all liability insurance requirements of the Interconnection Standard.

POWER FACTOR

Customer's renewable generation must be operated to maintain a 100% power factor, unless otherwise specified by Company. When the average monthly power factor of the power supplied by Customer to Company is other than 100%, the Low Power Factor Adjustment stated in Company's Service Regulations may be applicable. Company reserves the right to install facilities necessary for the measurement of power factor. Company will not install such equipment, nor charge a Low Power Factor Adjustment if the renewable generation system is less than 20 kW AC and uses an inverter.

CONTRACT PERIOD

Customer shall enter into a contract for service under this Rider for a minimum original term of one (1) year, and shall automatically renew thereafter, except that either party may terminate the contract after one year by giving at least sixty (60) days prior notice of such termination in writing.

Company reserves the right to terminate Customer's contract under this Rider at any time upon written notice to Customer in the event that Customer violates any of the terms or conditions of this Rider, or operates the renewable generation system and equipment in a manner which is detrimental to Company or any of its customers. In the event of early termination of a contract under this Rider, Customer will be required to pay Company for the costs due to such early termination, in accordance with Company's South Carolina Service Regulations.